



CITY OF HAYWARD

AGENDA REPORT

AGENDA DATE 05/04/04

AGENDA ITEM 2

WORK SESSION ITEM

TO: Mayor and City Council

FROM: Human Resources Director

SUBJECT: Adopt Resolution Authorizing the City Manager to Execute an Agreement for Workers' Compensation Claims Administration Services

RECOMMENDATION:

It is recommended that Council adopt the attached Resolution authorizing the City Manager to execute a three-year agreement with the current workers' compensation claims administrator, Innovative Claim Solutions, Inc. (ICS), effective July 1, 2004 to June 30, 2007.

BACKGROUND:

The City of Hayward is self-insured for workers' compensation claims, and uses the services of a third party to provide claims administration, legal services, and statistical analysis of claims and costs. The City's current three year agreement with ICS expires on June 30, 2004.

With the expiration of the current agreement approaching, a Request For Proposal was issued and responses from eleven (11) firms were received. The proposals were reviewed by staff from several departments. The evaluation of the firms consisted of a review of the written proposals, oral presentations, and reference checks.

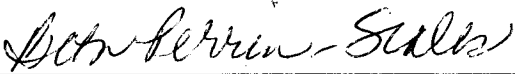
ICS was identified as the most qualified firm to administer the City's claims. In the past two plus years, ICS has closed over 50% of new claims annually and reduced the litigation rate for workers' compensation claims by 32%. In the first year of the contract, ICS reduced the City's estimated future liability for workers' compensation expense by 47% and an additional 8% in the second year of the contract. In addition to the improved results, ICS has improved the level of communication with City employees and medical providers, and has gained the respect and confidence of City employees and managers.

The annual fee for the proposed agreement from July 1, 2004 to June 30, 2007 will range from \$249,250 to \$270,500 per year. The fee for the first two years of the proposed contract represents a reduction from the current contract cost, with a 2% increase in the final year of the proposed contract.

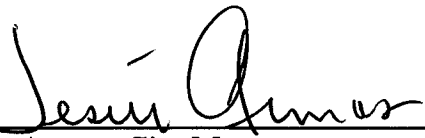
Recent legislative changes and additional changes being proposed by the Governor's office will result in significant program impacts in the next year. ICS is well positioned to provide continuity of services to the City in implementing such changes.

The cost of this contract will be borne by the workers' compensation fund.

Recommended by:

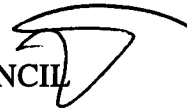

Beth Perrin-Scales, Human Resources Director

Approved by:


Jesús Armas, City Manager

DRAFT

HAYWARD CITY COUNCIL



RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT FOR WORKERS' COMPENSATION CLAIMS ADMINISTRATION SERVICES

BE IT RESOLVED that the City Council of the City of Hayward hereby authorizes and directs the City Manager to execute a three-year agreement with the current workers' compensation claims administrator, Innovative Claim Solutions, Inc., (ICS) effective July 1, 2004 to June 30, 2007, in a form approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2004

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward